

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

Legislative Hearing
H.R. 3763, Corporate and Auditing
Accountability, Responsibility and Transparency Act

March 20, 2002

Good morning and welcome to the Committee's second legislative hearing on the Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002, or CARTA.

Last week the Committee held its first hearing on CARTA. We heard from a diverse panel of witnesses, including former SEC officials and representatives from the securities industry, a leading consumer organization, and the accounting profession.

The testimony was very instructive. Our witnesses represented a broad spectrum of views about the securities markets and the role of government in protecting investors. Some of the witnesses said that CARTA regulates too much. Others said not enough. Clearly, we must be onto something.

CARTA was carefully crafted to strengthen the oversight of the accountants who audit public companies, without federalizing the accounting profession. The legislation requires companies to give investors accurate and immediate access to important company information, without drowning issuers in red tape. And the bill will make it a crime for company officials to mislead auditors, ensuring both that corporate officers act responsibly and that auditors can do their job effectively.

CARTA encourages business leadership by prompting executives to act in the best interests of shareholders. It requires greater transparency and prevents insiders from benefiting when their employees cannot.

Today's witnesses will further illuminate the important issues that face this Committee as we seek to reassure investors in the strength of America's capital markets. Already the Committee has held extensive hearings in the wake of the Enron bankruptcy. Going as far back as December of last year, the Financial Services Committee has held hearings on the Enron collapse to ensure we fulfill our obligation to protect investors.

Our hearings have revealed that while some bad actors may seek to take advantage of investors, ultimately the laws and the marketplace will catch up with them. No one should doubt that America remains the best place to invest, not only for the ability of our workers and the ingenuity of our entrepreneurs, but also because America does not tolerate cheats.

CARTA represents our further efforts to strengthen America's capital markets so that they remain healthy and vital. I look forward to the testimony of our witnesses, and I now recognize Ranking Member LaFalce for his opening statement.

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